CONCORDIA UNIVERSITY
BOARD OF GOVERNORS
CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Meeting of Wednesday October 20, 1982

Attendance: Chairman, Mr. Glen Fisher, Prof. L. Bessner, Dr. J. Daniel, Mr. R. Doutre, Prof. G. Martin, Mr. B. Smart, Mr. C. Waters, Miss D. Johnson, Messrs. G. Blain and M. Labonté of Wood Gundy and Mr. K. Kertland of Jarislowsky Fraser.

Regrets: Mr. R. Groome and Prof. H. Ripstein
Mr. David Williams of Beutel Goodman

Wood Gundy Comparative Measurement (Jarislowsky Fraser)

Mr. Blain advised Committee that he will no longer be presenting the Comparative Measurement results and introduced Mr. Michel Labonté to Committee. Mr. Labonté will be making the next Comparative Measurement presentation to Committee.

Mr. Blain advised Committee that the end of June was a bad time to stop the clock for measurement purposes and the results that are now in for the quarter ending September 30th are significantly better.

The text of the Comparative Measurement review is included with the official minutes as Appendix A.

Mr. Blain summed up that the Jarislowsky Fraser portfolio reflected superior performance in Canadian Equity assets and produced above average returns on the Bond portfolio. Asset mix was a major factor in producing results which placed the fund amongst the top performing group over the last two years.

Investment Review - Jarislowsky Fraser

Mr. Kim Kertland reviewed the economic outlook from the point of view of Jarislowsky Fraser. Government spending represents too large a percentage of the G.N.P. and the suggestion of 6% and 5% wage increases over the next two years will only add to inflation in the absence of wage freezes. Canada cannot be competitive with labour still making their demands.

The Canadian Government is the biggest borrower taking on U.S. dollar loans and Swiss loans. The Canadian dollar is being held up and it is going to fall, its real worth is about 50¢ and it could drop to 76¢ in one shot.

The drop in interest rates in the U.S. is election inspired and although the returns on the U.S. stock market are negative they compare very favourably against the sample.

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Canada has a distinct advantage with respect to resources but F.I.R.A. has slowed down the development of resources, particularly in oils. The central problem is Ottawa and there will be two years of rocky times until the election.

Prof. Bessner asked if we shouldn't be moving into Real Estate holdings instead of Canadian Equities. Mr. Kertland responded that capitol is being taxed in Canada and this is unfair. The Equity portfolio is split into two groups, the first being non-cyclical and non-resource (Banks, utilities, oils, consumer products) the second being cyclicals, some of which have very positive potential.

Mr. Smart asked if it would be meaningful to look at the Investment Guidelines now in view of the fact that these were established in boom times and the market is now at the bottom.

Mr. Kertland responded that a change was not necessary in view of the flexibility which has been incorporated in the guidelines.

Comparative Measurement - Beutel Goodman

Mr. Blain noted that Beutel Goodman had maintained low equity exposure until the first quarter of '82. The debt-equity ratio was a beneficial factor.

In Canadian Equities Beutel Goodman was one of the better performers as compared to other funds, however, the negative influence of the foreign Equity market was detrimental to the results.

In the Bond market Beutel Goodman moved toward longer term and since there is now more volatility in this market there is a risk attached to trading in Bonds.

The combined fund results were in the fourth quartile over 10 years but over the last two years the combined fund has produced above average results.

Mr. Smart asked if any funds had an opportunity to produce results which were above inflation. Mr. Blain responded that Bonds are the key reason why pension funds are not producing returns above inflation but there is an opportunity cost attached to being in 100% of anything.

Prof. Bessner asked what we should do about the Investment Counsellors, keep them another two years? Prof. Martin noted that there was considerable literature on the merits of maintaining counsellors for at least one full market cycle of four years.

The Chairman noted that Committee should submit a report to the Board after the last quarter results are in for 1982. It has been a good strategy to have two managers especially since both of them are good.

Respectfully submitted,

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M.D. Johnson, Secretary